

Role of SCAG in Mortgage Foreclosure Prevention

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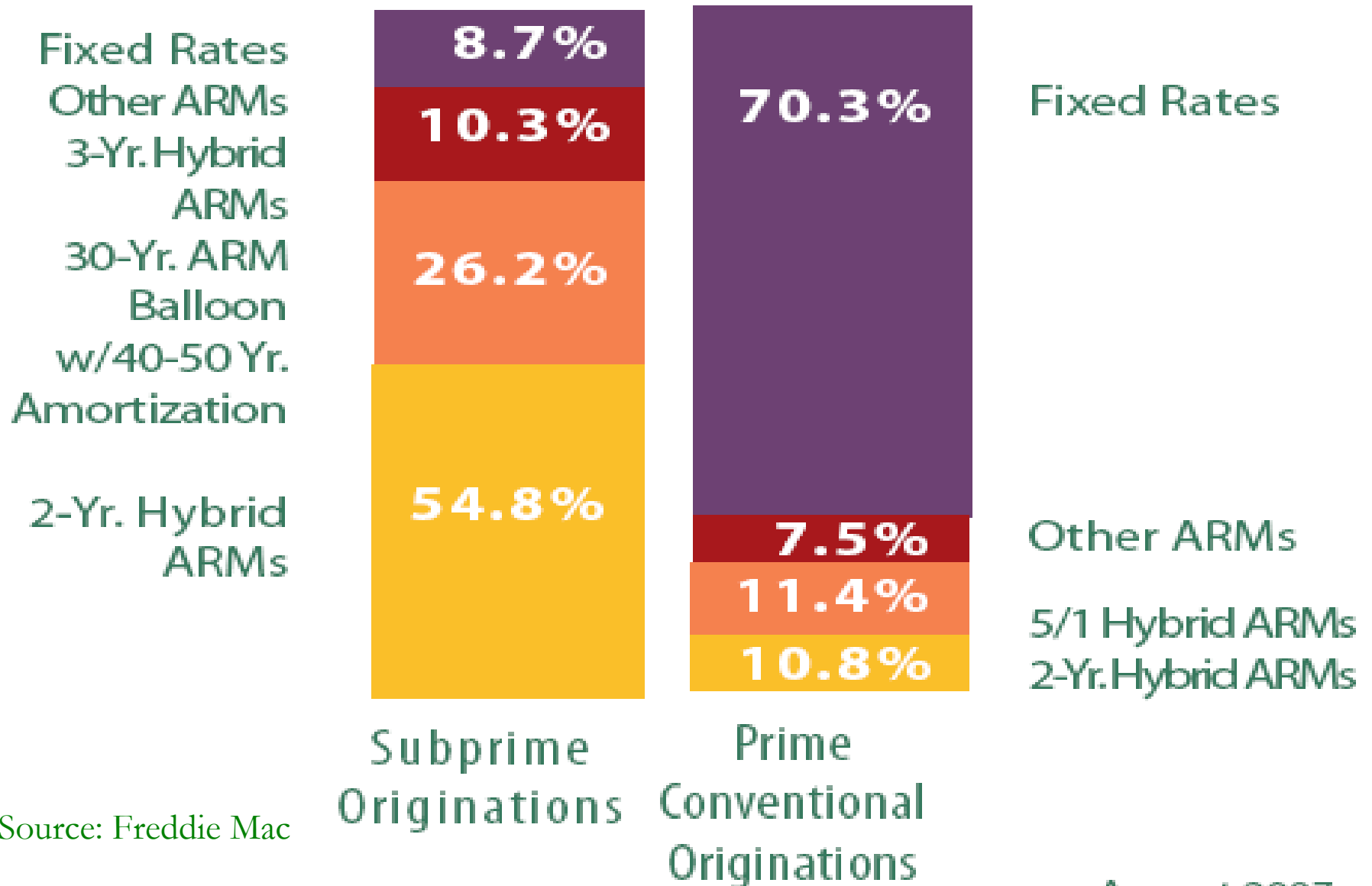
SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

SCAG Role

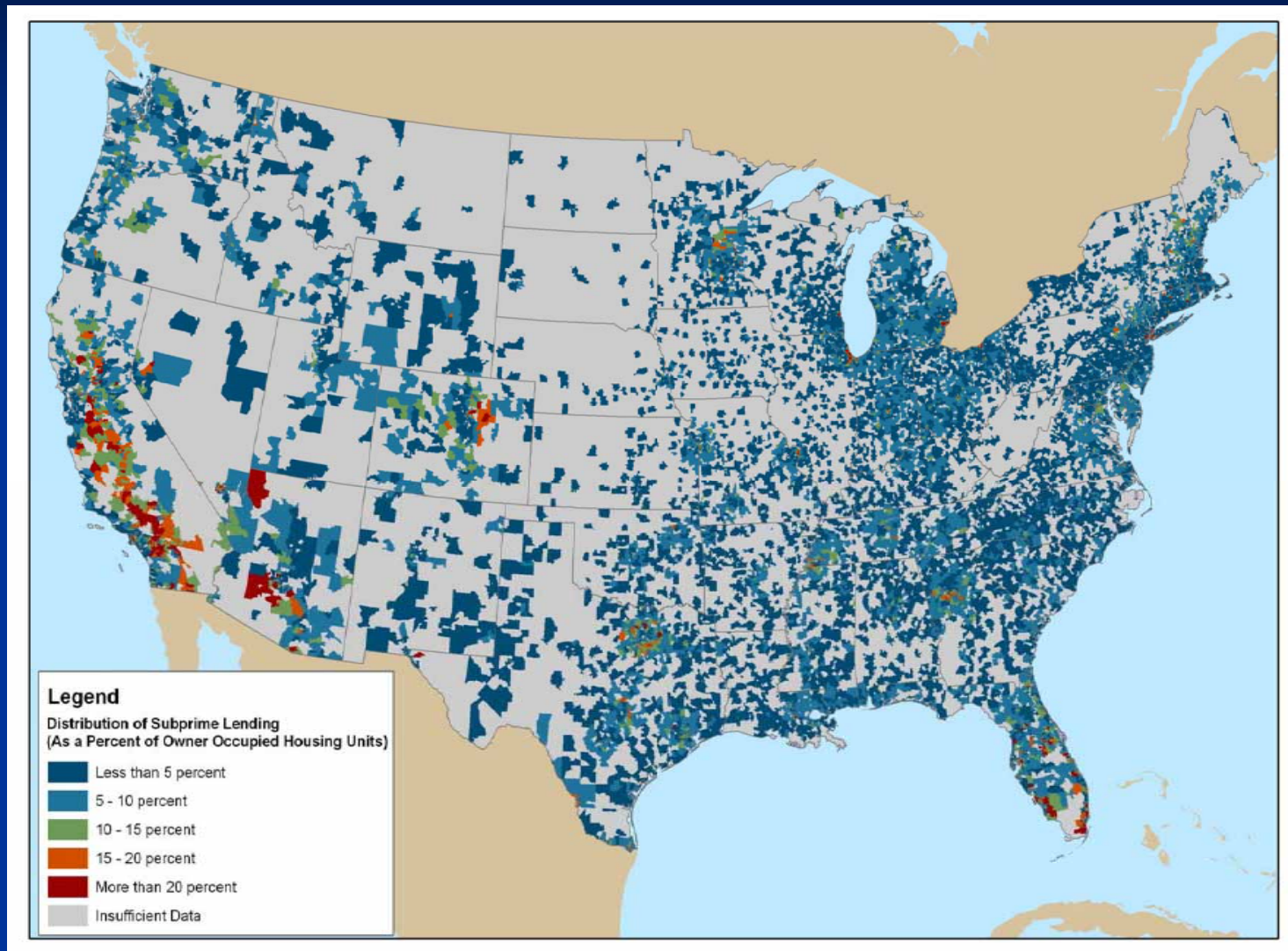
- Help Local Governments understand the causes, scope, and impact of foreclosure trends, especially for low-income families, the workforce and communities
- Assist local governments in organizing cross-community coalitions and public-private partnerships to respond to the lending crisis
- Provide information and support to communities addressing their local housing needs

Subprime vs. Prime

Vast Differences in Mortgage Products and Risk Factors



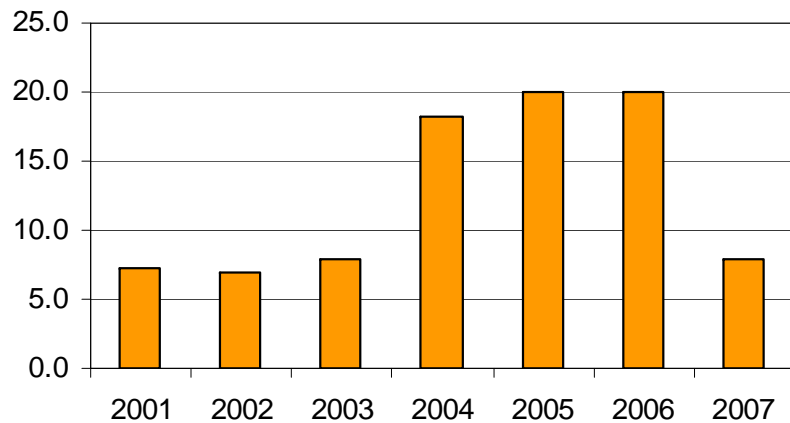
Distribution of Subprime Lending



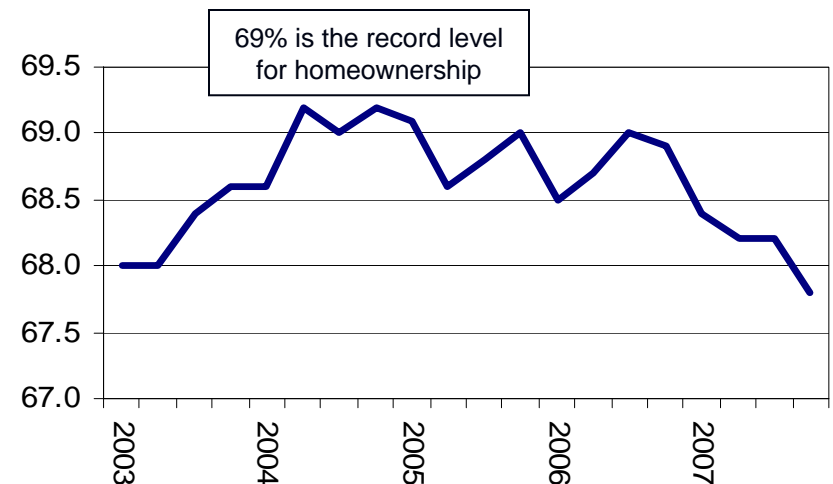
Lending Source: Analysis by Federal Reserve Board of Governors, First American Loan Performance Data, December 2007. Data represent a sample of subprime loans, approximating 70 percent of subprime loan volume. Data aggregated at the zip code level.

The Record Rise in U.S. Home Ownership in 2005 and 2006 is Related to Subprime Lending

Subprime Loans as % of All New Loans



Home Ownership Rate



Source: Inside Mortgage Finance, Census Bureau.



A Web Portal with Planning and Mapping Tools



LOTS is designed to support collaborative planning efforts by enabling elected officials, city planners, real estate developers, community organizers and others to do analysis at a parcel, neighborhood and regional level.

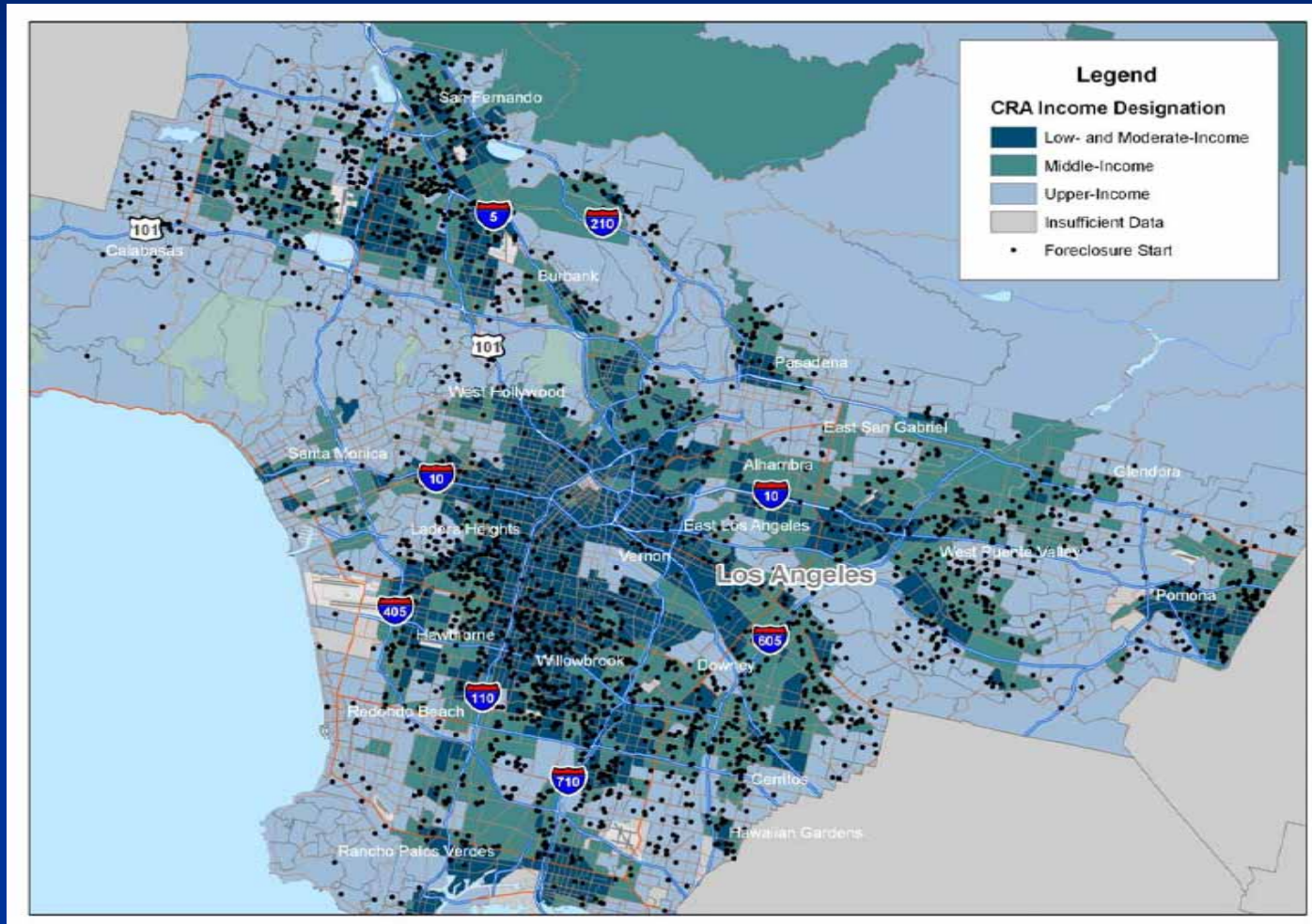
<http://164.67.52.33/scalotsdev/Master.cfm?CFID=3385&CFTOKEN=65978925>

Identifying Hot Spots

Goals of the CALOTS web mapping and analysis tool:

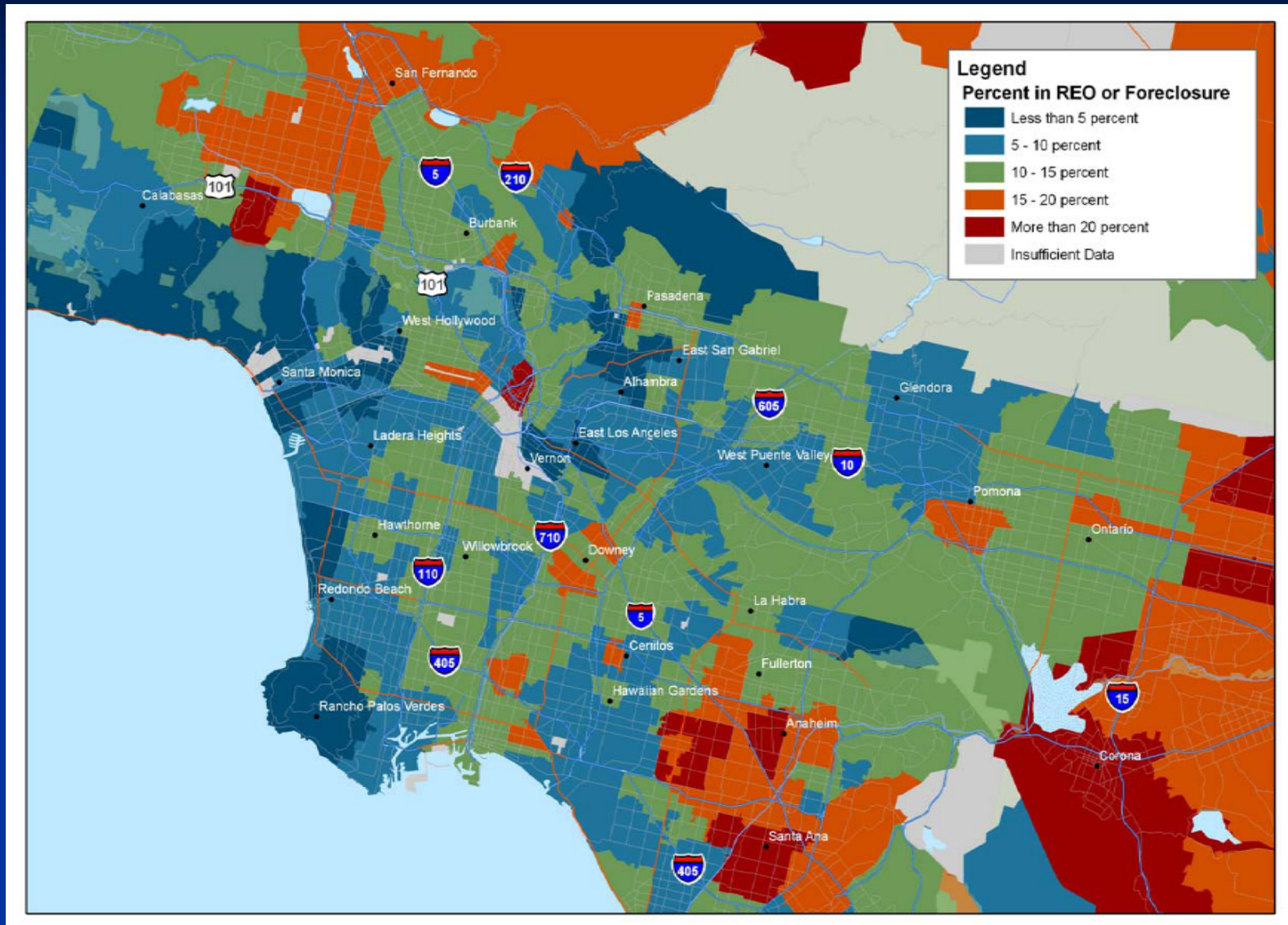
- Help local governments, lenders, and nonprofit organizations target borrower outreach and resources to the most affected areas
- Pin point where delinquencies and foreclosures are occurring
- Provide an early warning tool for neighborhoods most at-risk
- Focus outreach strategies and resources in hard hit neighborhoods with foreclosures
- Locate REO properties suitable for conversion into affordable housing and/or rental opportunities for low-and moderate income families

Foreclosure Start in Low and Modest Income Neighborhoods



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Foreclosure “Hot Spots”



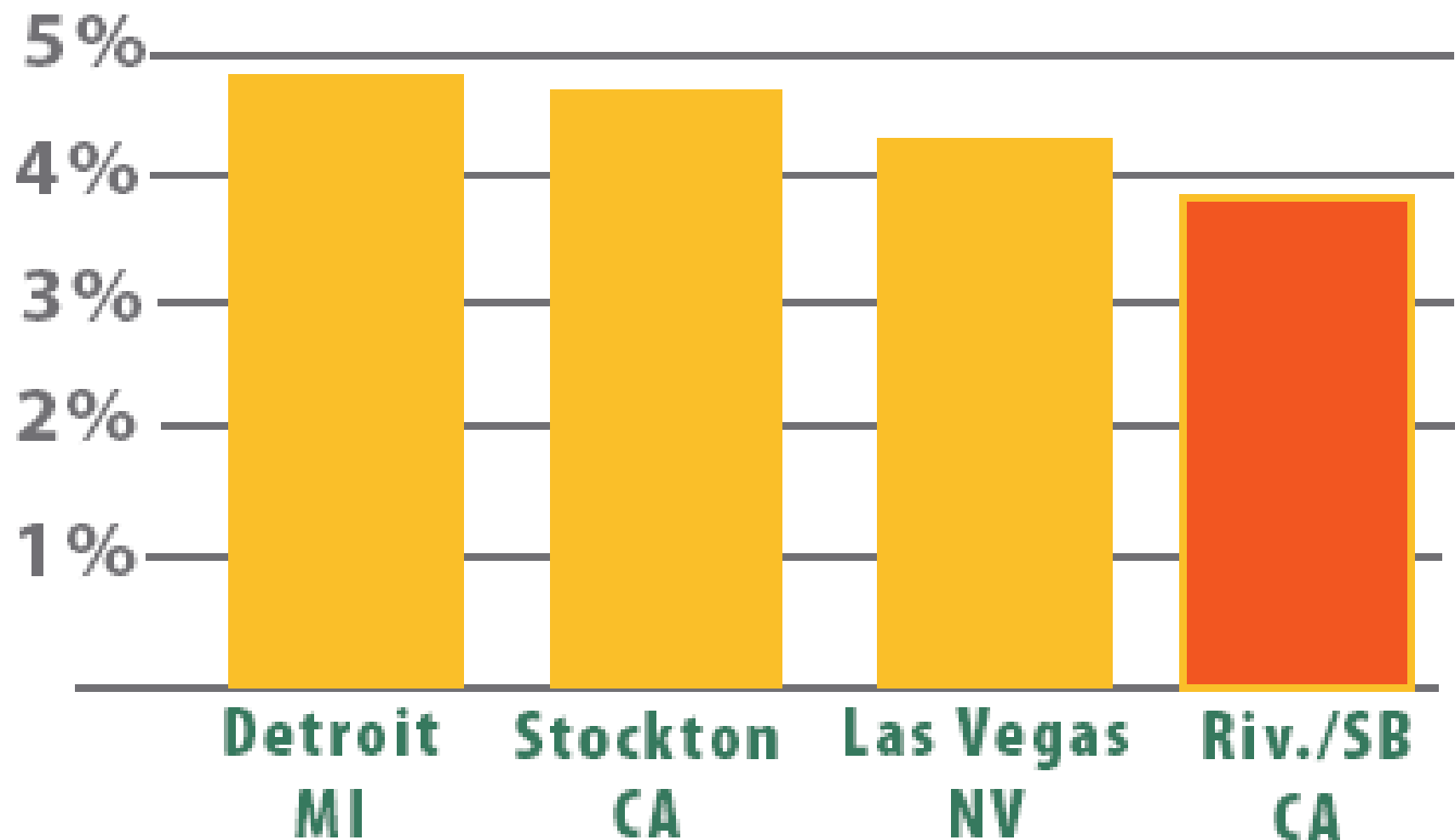
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The Costs of Foreclosure

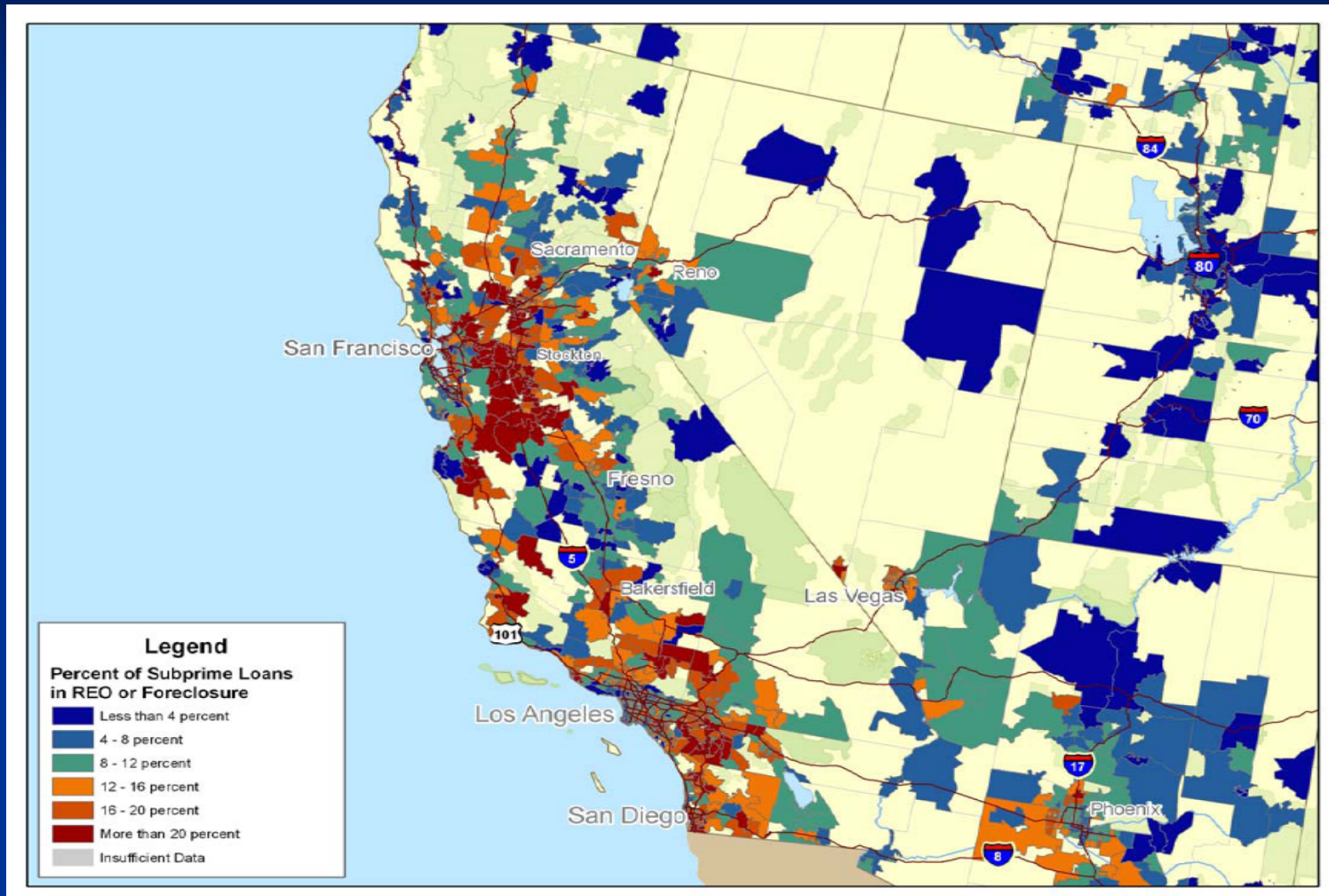
- Neither lenders nor investors “make money” on foreclosures
- Losses range from 20 to 60 cents on the dollar
- One estimate: lender’s cost of a foreclosure averages \$58,800
- One estimate: each foreclosure is associated with a 0.9% decrease in values of properties within 1/8th mile
- Services incur expenses pursuing problem loans
- Legal costs from securing/ maintaining properties
- Vacant properties can attract crime and reduce neighborhood property values
- Average municipal cost is \$7,000 per foreclosure

Sliding Housing Market

Only three metro areas recorded more foreclosure-related activity in 2007 than the inland empire

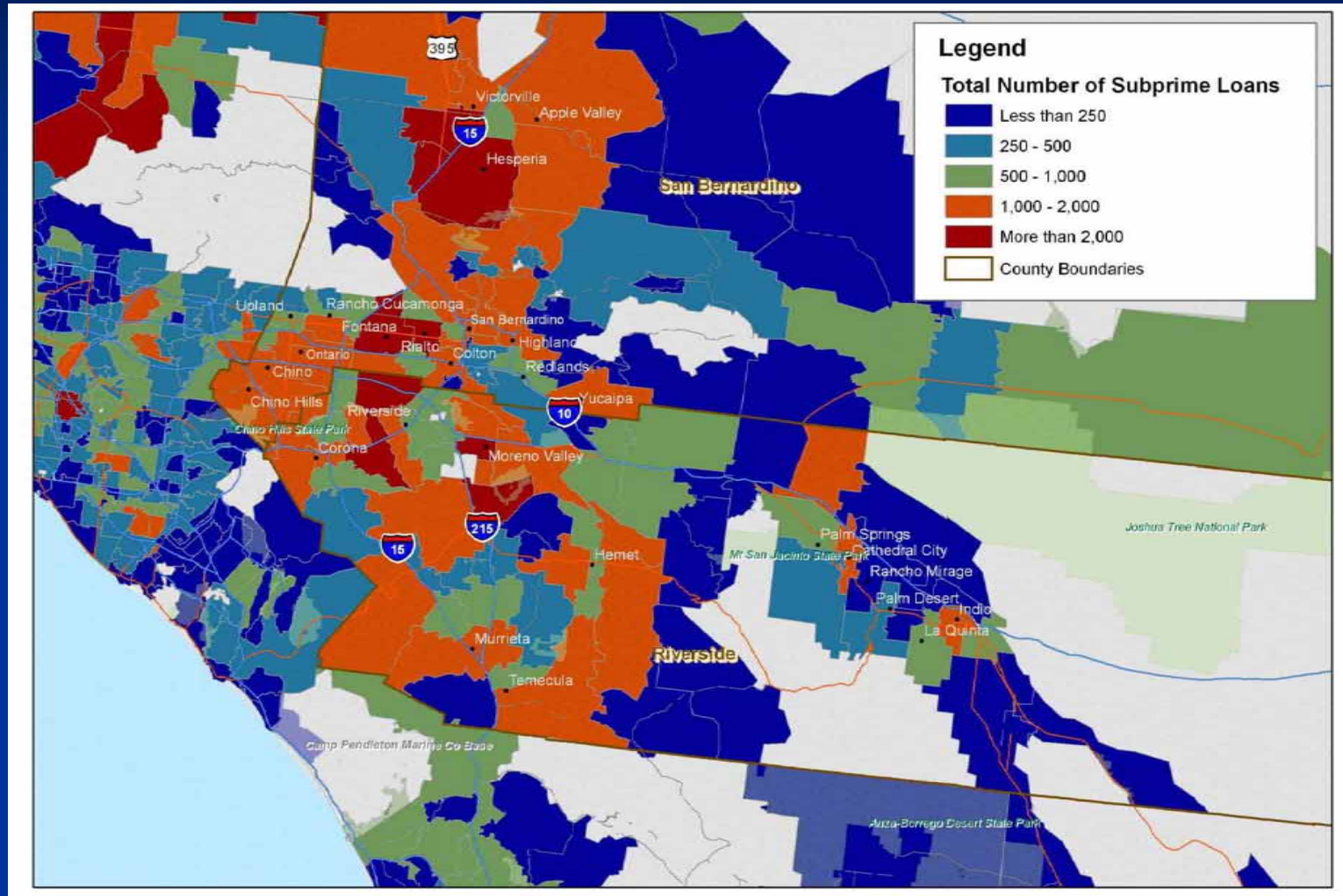


Inland California Areas



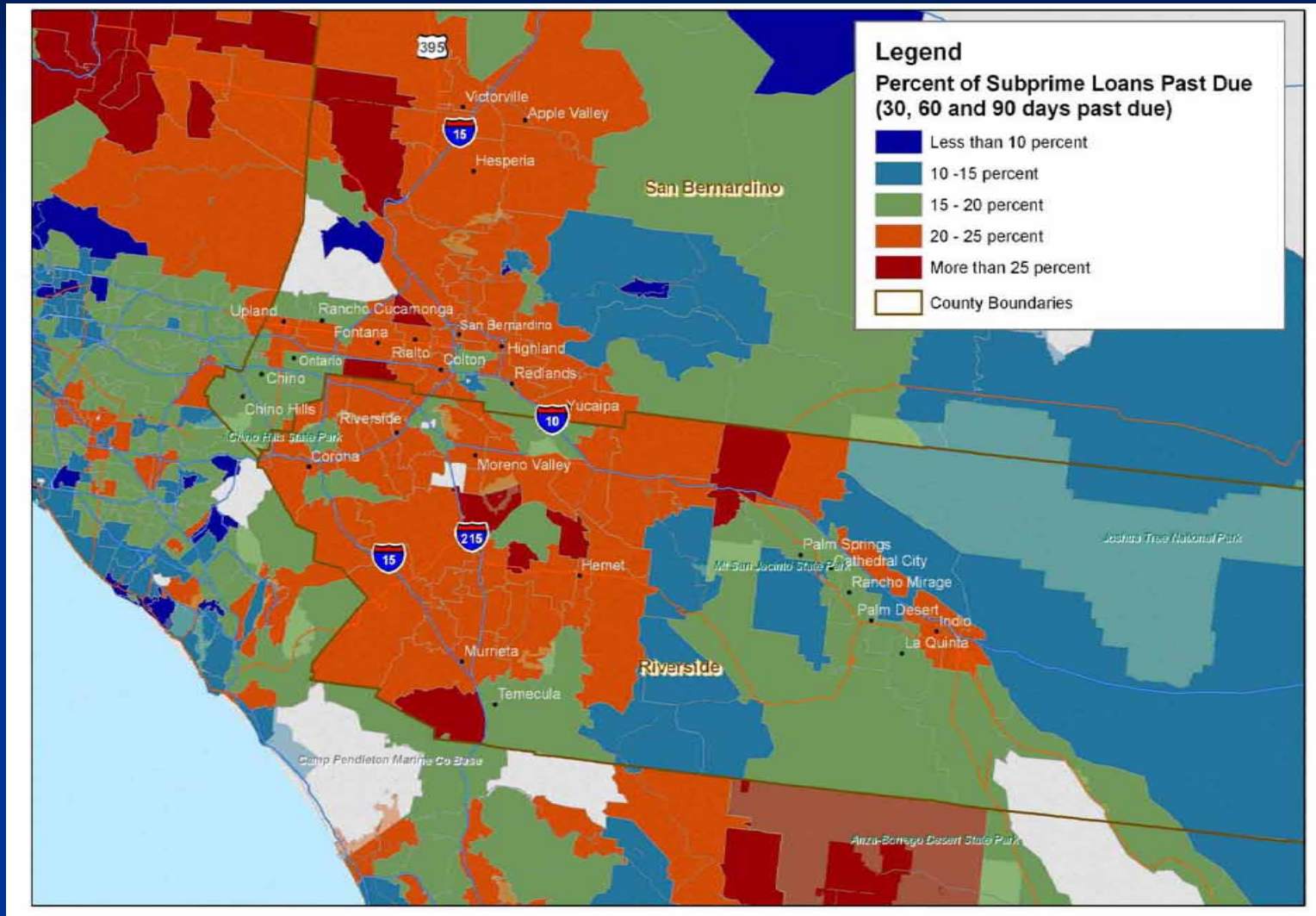
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Subprime Loans in the Inland Empire



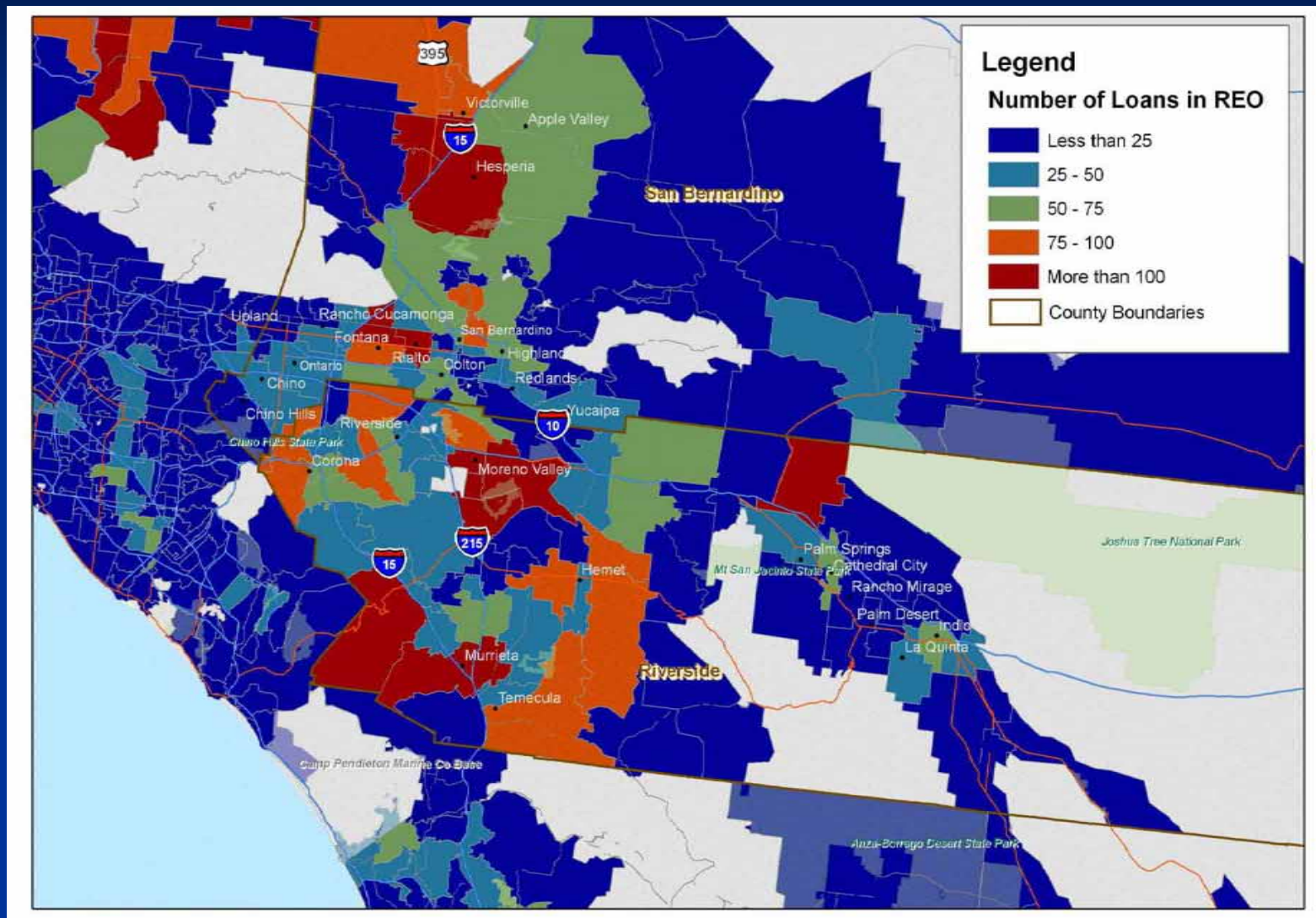
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Percent of Loans Past Due



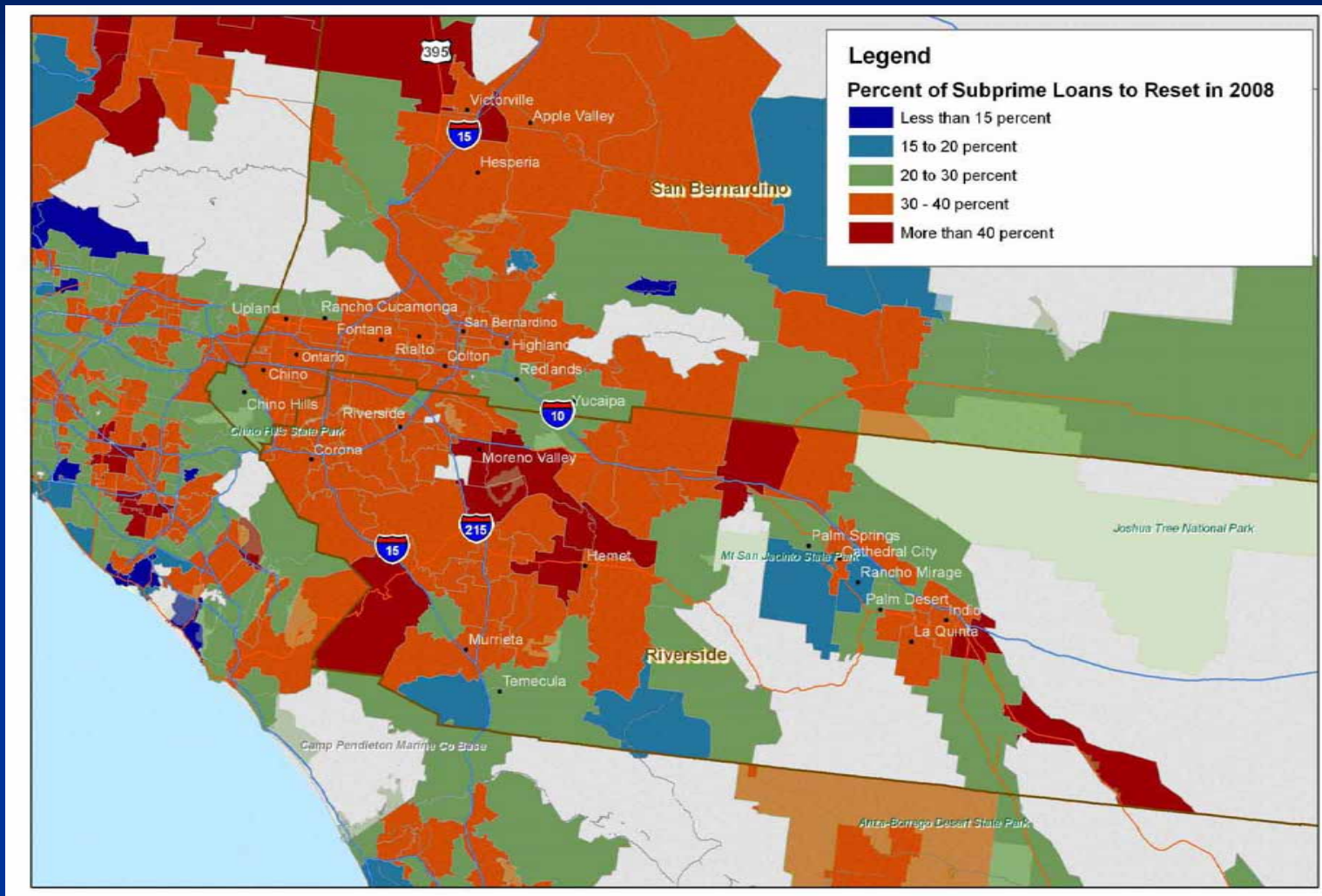
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Distribution of REO Loans



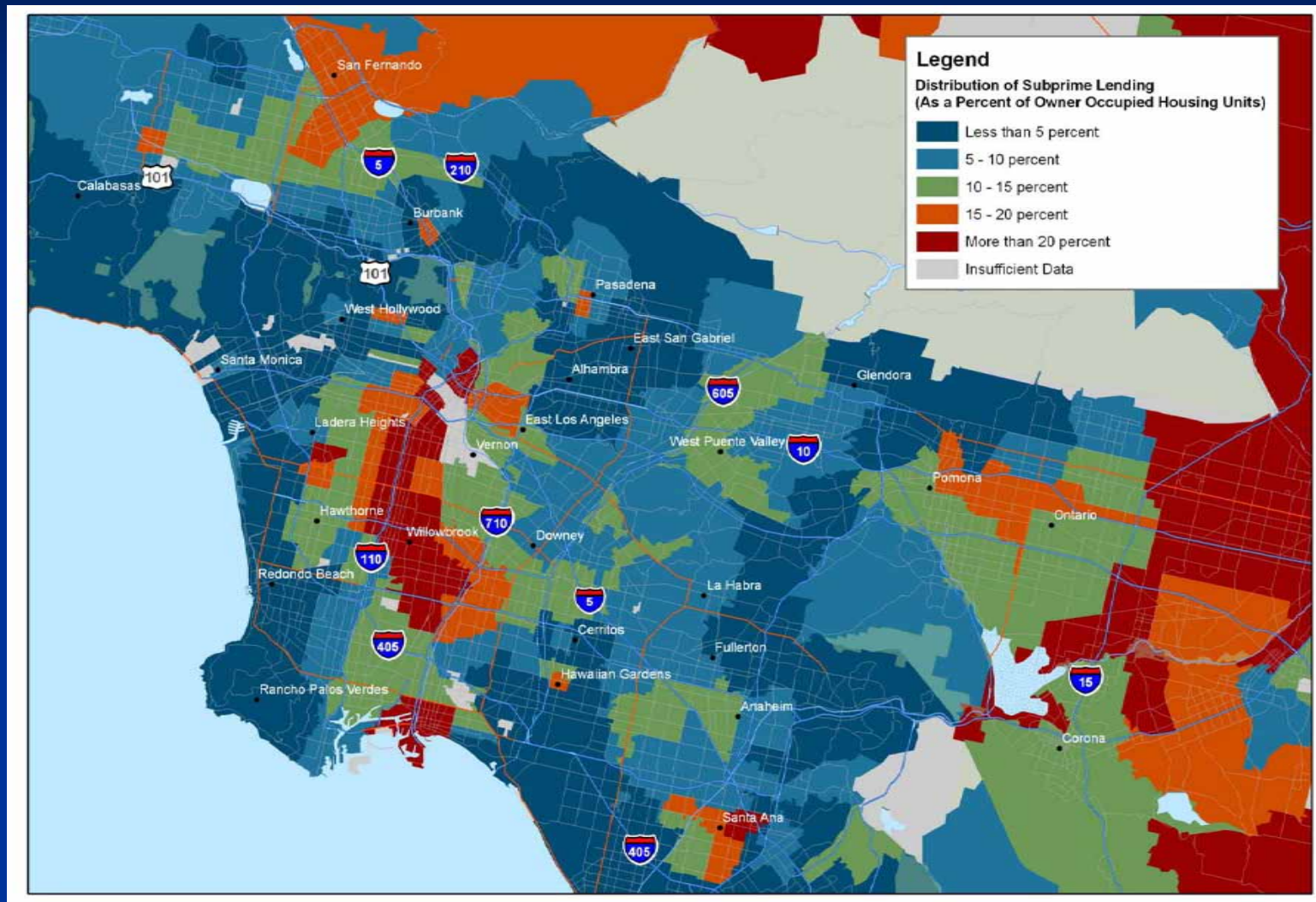
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Percent of Subprime Loans to Reset in 2008



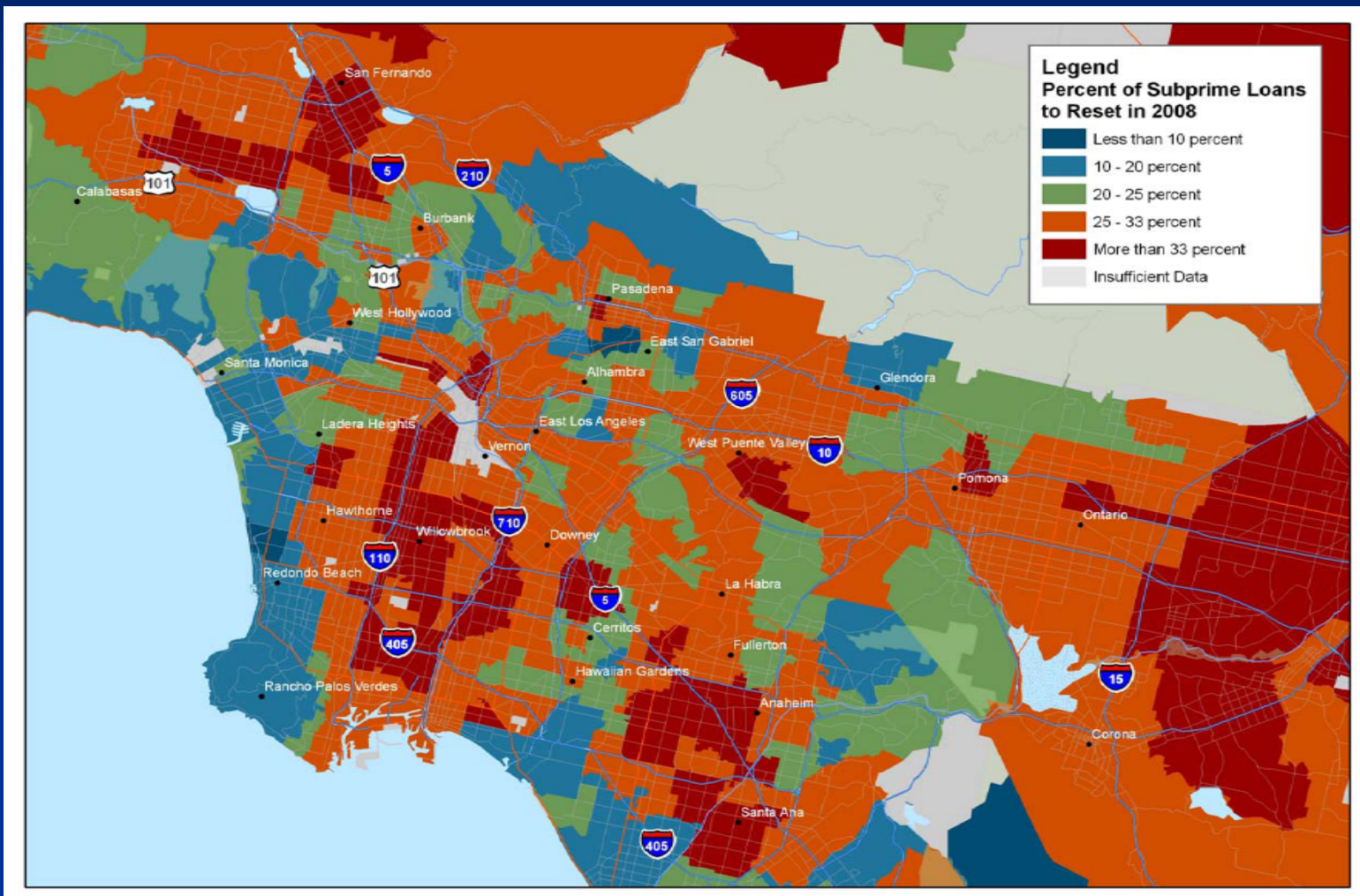
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Distribution of Subprime Lending in Greater LA – Orange County Area



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Percent of Subprime Loans to Reset in 2008



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Falling Home Values are Fueling Distressed Sales and Foreclosures

All homes	Mar-07	Mar-08	%Chng	Mar-07	Mar-08	%Chng
Los Angeles	8,353	4,263	-49.0%	\$540,000	\$440,000	-18.50%
Orange	3,130	1,663	-46.9%	\$629,000	\$506,000	-19.60%
Riverside	3,680	2,691	-26.9%	\$420,000	\$306,250	-27.10%
San Bernardino	2,476	1,534	-38.0%	\$369,000	\$265,000	-28.20%
San Diego	3,218	2,108	-34.5%	\$490,000	\$395,000	-19.40%
Ventura	999	549	-45.0%	\$566,750	\$430,000	-24.10%
SoCal	21,856	12,808	-41.4%	\$505,000	\$385,000	-23.80%

Source: DQNews.com

Market Uncertainty Has Halted Construction Plans

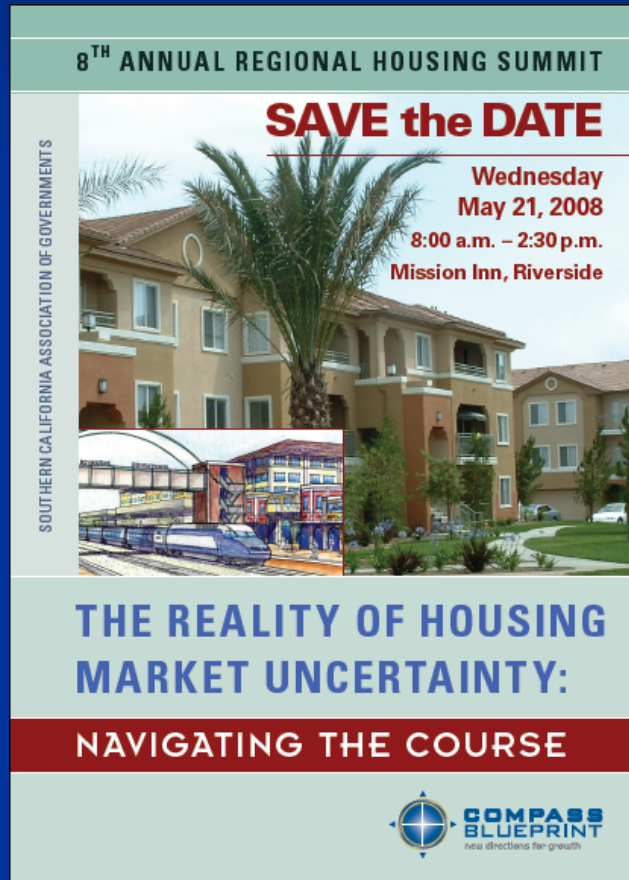
**State New-Home Production in 2007
Fell to Lowest Level in 25 Years.**

- Los Angeles County recorded the largest number of CA housing starts, 20,228, down 23 % from previous year
- Riverside County was second, at 12,445, down almost 51% from the previous year
- San Bernardino County was third at 8,100, down almost 42%, while Ventura was down 25% and Orange County was down 16%

Next Steps

- Increase a focus on mitigating the impact of foreclosures on borrowers and neighborhoods because concentrated foreclosures may result in negative spillover effects, such as:
 - Decrease neighborhood property values
 - Increase local crime rates
 - Effects on the provision of local services
- Analyze lending and foreclosure data to assist local governments and nonprofits to acquire REO properties and convert them to affordable homeownership or rental units

Annual Housing Summit and Blueprint Awards



- The Reality of Housing Market Uncertainty: Navigating the Course
- Recognizes excellence in planning throughout the SCAG region
- May 21, Mission Inn, Riverside

Thank You



Visit us on the web at:

<http://www.compassblueprint.org/>

Grateful acknowledgement to the Federal Reserve Bank and its Community Development Department for providing the maps and several graphics used in this presentation.